

# **EXHIBIT 16**

CERTIFIED TRANSLATION

**Government of Puerto Rico  
PUERTO RICO TREASURY DEPARTMENT  
Central Accounting Section of Government**

**Circular Letter  
Number 1300-46-17**

**Fiscal Year 2016-2017  
June 27, 2017**

**To the Secretaries of Government,  
Legislative Branch, Judicial Branch,  
Chiefs of Agencies, Executive  
Directors, Presidents of Public  
Corporations and Mayors of the  
Government of Puerto Rico**

**RE: Implementation of the  
PayGo Retirement System**

Dear Sirs:

On October 30 of 2016, the Board of Fiscal Supervision for Puerto Rico assigned the Government of Puerto Rico, the Retirement System of the Government Employees, the Retirement System of the Judiciary, the Retirement System for Teachers (together referred to as "Retirement Systems" or "Systems"), the University of Puerto Rico and another 21 public corporations of Puerto Rico as "covered entities", subject to fiscal supervision in accordance with Federal Legislation Puerto Rico Oversight, Management, and Economic Stability Act, better known as PROMESA.

The liquid assets of the Retirement Systems will be depleted during the first months of the next fiscal year. As a result of the projected lack of liquidity of the Systems, the Government will protect the payments to the pensioners.. Starting on July 1 of 2017, the Government will adopt the "PayGo" system. Under this new system, the Government will assume the responsibility of paying the short-fall of the Systems to provide the benefits to the pensioners.

On its part, the Puerto Rico Treasury Department will invoice the Public Corporations, Municipalities, Executive Branch, Legislative Branch and the Judicial Branch a monthly charge to cover the benefits of its pensioners. The Systems will determine and administer the payment by pensioner that each Public Corporation and Municipality must pay. This amount is what will be called the "PayGo Charge". This with the purpose that the payment to our pensioners is not affected. It is essential that the Treasury Department has the liquid resources necessary to make these payments.



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Juan E. Segarra, USCCI #06-067/translator, certify that the foregoing is a true and accurate translation, to the best of my abilities, of the document in Spanish which I have seen.

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It will be the responsibility of these entities to send the "PayGo Charge", in its totality, to the Treasury Department to the following accounts of the Banco Popular de Puerto Rico:

<u>SYSTEM</u>	<u>BANK ACCOUNT</u>	<u>ROUTE AND TRANSIT</u>
Retirement System	030-076943	021502011
Teachers Retirement System	030-077001	021502011
Judicial Retirement System	030-076994	021502011

To the extent that during the first months of fiscal year 2017-2018, the liquid funds of the Systems are being depleted, we expect that the "PayGo Charge" of each entity will be increasing. In the same manner, starting on July 1 of 2017, the employer contributions, the contributions due as a result of special laws and the Uniform Additional Contribution (Law 32-2013) will be eliminated, and such items will be substituted by the "PayGo Charge".

At present, we are working on a Reform of the Retirement Systems, in which the active participants will deposit their individual contributions in a New Plan of Defined Contributions managed by a private entity. To preserve said contributions in a segregated form, from July 1 of 2017 onwards, **the total individual contributions shall be sent to the following accounts of the Banco Popular de Puerto Rico:**

<u>SYSTEM</u>	<u>BANK ACCOUNT</u>	<u>ROUTE AND TRANSIT</u>
Retirement System	030-076935	021502011
Teachers Retirement System	030-076986	021052011
Judicial Retirement System	030-076978	021502011

The "PayGo Charge" will be invoiced on a monthly basis and its payment must be sent before the fifteenth (15<sup>th</sup>) day of the month following the date of the invoice. Also, it will be required to send the withholding by way of individual contributions to the segregated account corresponding to the New Plan of Defined Contributions.

In addition, it is established that if any Public Corporation, Municipality or any entity with participants in the Retirement System stopped remitting to the corresponding System within the following thirty (30) days of the withholding, the funds of the "PayGO Charge" or the individual contributions that have been withheld from its participating employees of its corresponding System, the Treasury Department will retain from any available remittance of funds, the amounts not paid by the government entity that does not comply with what is established in this Circular Letter. In the case of Municipalities, we will proceed to require the Center for the Collection and Municipal Revenues that it sent to the Treasury Department the amounts owed.

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*pep* I, Juan E. Segarra, USCCI #06-067/translator, certify that the foregoing is a true and accurate translation, to the best of my abilities, of the document in Spanish which I have seen.

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The discounts corresponding to mortgage loans, cultural loans and personal loans with the retirement systems will be sent to the following accounts of the Banco Popular de Puerto Rico:

<u>SYSTEM</u>	<u>BANK ACCOUNT</u>	<u>ROUTE AND TRANSIT</u>
Retirement System	030-077044	021502011
Teachers Retirement System	030-077036	021502011
Judicial Retirement System	030-077052	021502011

The discounts corresponding to the disability insurance shall be deposited in the Banco Popular de Puerto Rico account number 030-077060 (route and transit 021502011).

This new system pursues the safeguarding of the wellbeing of our pensioners and public servants, while faithfully complying with the Fiscal Plan certified by the Board of Fiscal Supervision.

The text of this Circular Letter is available in our internet page at the following address:  
[www.hacienda.pr.gov/sobre-hacienda/publicaciones/contabilidad-central/cartas-circulares-de-contabilidad-central](http://www.hacienda.pr.gov/sobre-hacienda/publicaciones/contabilidad-central/cartas-circulares-de-contabilidad-central).

It will be the responsibility of the agencies to have this Circular Letter to the personnel that has the obligation the payment of the contributions herein established.


Cordially,

\_\_\_\_\_  
Signature  
Lcdo. Raul Maldonado Gautier CPA  
Treasury Secretary

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Signature  
Lcdo. Luis M. Collazo  
Administrator  
Administration of the Retirement Systems  
of the Government and Judicial Employees

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